

Message Text

CONFIDENTIAL

PAGE 01 USUN N 03466 01 OF 02 061746Z
ACTION DLOS-09

INFO OCT-01 IO-13 ISO-00 OIC-02 AF-10 ARA-10 EA-10
EUR-12 NEA-10 ACDA-12 AGRE-00 AID-05 CEA-01
CEQ-01 CG-00 CIAE-00 COME-00 DODE-00 DOTE-00
EB-08 EPA-01 SOE-02 DOE-15 FMC-01 TRSE-00 H-01
INR-10 INT-05 JUSE-00 L-03 NSAE-00 NSC-05 NSF-01
OES-09 OMB-01 PA-01 PM-05 SP-02 SS-15 ICA-11
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TO SECSTATE WASHDC 3207

C O N F I D E N T I A L SECTION 01 OF 02 USUN NEW YORK 03466

FROM LOSDEL

E.O. 11652:GDS
TAGS: PLOS
SUBJECT: LOS CONFERENCE DAILY SUMMARY - SEPTEMBER 1

SUMMARY: THE US PRESENTED A STATEMENT ON THE SELECTION OF APPLICANTS FOR DEEP SEABED MINING CONTRACTS. PAKISTAN QUESTIONED POSSIBLE ADVANTAGE IN FAVOR OF PRIVATE MINERS. IN NG-2, RADICAL G-77 DELEGATES RAISED ACCOUNTING PROCEDURES WHICH REJECT THE MIXED SYSTEM OF PRODUCTION CHARGE AND PROFIT-SHARING NEGOTIATED AT GENEVA LAST SPRING. IN COMMITTEE II, THE ARTICLE-BY-ARTICLE REVIEW CONTINUED WITH PERU PROPOSING AMENDMENT OF VARIOUS ARTICLES TO MAKE CLEAR CERTAIN HIGH SEAS ARTICLES APPLY TO THE ECONOMIC ZONE WHILE OTHERS DO NOT. ACCEPTANCE OF THESE AMENDMENTS APPEARS UNLIKELY. COMMITTEE III RECEIVED A WORKING PAPER ON THE RESULTS OF AMENDMENTS TO POLLUTION ARTICLES, WHICH ARE SUPPORTED BY THE US. END SUMMARY.

CONFIDENTIAL

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PAGE 02 USUN N 03466 01 OF 02 061746Z

1. NG-1 - THE US (ALDRICH) LED OFF WITH A GENERAL STATEMENT ON PARA 5 (SELECTION OF APPLICANTS). THE MAJOR POINTS WERE: (1) THE ENTERPRISE SHOULD BE TREATED ON A PAR WITH PRIVATE CONTRACTORS WHEN CONTRACTS ARE APPROVED; (2) APPROVAL FOR ALL APPLICANTS SHOULD BE VIRTUALLY AUTOMATIC WHEN THERE IS NO CONFLICT DUE TO EITHER GEOGRAPHICAL OVERLAP, THE PRODUCTION CONTROL, OR ANY

QUOTA/ANTI-MONOPOLY PROVISION; (3) SELECTION AMONG COMPETING APPLICANTS WHEN THERE IS A CONFLICT SHOULD BE ON OBJECTIVE GROUNDS; AND (4) GIVEN THE COMPLEXITY OF THE ISSUES TO BE RESOLVED, THIS SESSION OF THE CONFERENCE SHOULD SEEK TO REACH A CONSENSUS ON A FRAMEWORK FOR THE SELECTION OF APPLICANTS, LEAVING DETAILED NEGOTIATIONS FOR LATER SESSIONS. THERE WERE TWO IMPORTANT G-77 INTERVENTIONS. FIRST, PAKISTAN NOTED THAT UNDER A SYSTEM IN WHICH THE ENTERPRISE IS VIEWED AS JUST ANOTHER MINER, IT WAS POSSIBLE THAT ALL THE MINE SITES WOULD BE TAKEN UP BY PRIVATE MINERS, AND THAT, AS A RESULT OF THE OPERATION OF THE PRODUCTION CONTROL, THE ENTERPRISE WOULD BE DENIED AN OPPORTUNITY TO GET INTO BUSINESS AND/OR TO GROW AT A SIMILAR RATE AS THE PRIVATE "SIDE" OF THE PARALLEL SYSTEM. SECOND, JAGOTA (INDIA) SAID THAT IT WAS HIS ASSUMPTION THAT THE PRODUCTION CONTROL WOULD BE DIVIDED EQUALLY BETWEEN THE TWO SIDES OF THE SYSTEM, AND THAT IT WOULD CONTROL NOT ACTUAL PRODUCTION, BUT POTENTIAL PRODUCTION. THE US RESPONDED THAT A PRODUCTION CONTROL DIVIDED AB INITIO BETWEEN THE ENTERPRISE AND PRIVATE MINERS WAS UNACCEPTABLE.

2. NG-2 MET AND THE DISCUSSION QUICKLY BOGGED DOWN WHEN RADICAL G-77 DELEGATES DABB(PAPUA NEW GUINEA), HAQUE (PAKISTAN), AND GAYAN (MARITIUS) AGAIN BEGAN DEMANDING ONEROUS ACCOUNTING PROCEDURES. US SUGGESTIONS
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 USUN N 03466 01 OF 02 061746Z

THAT GENERALLY ACCEPTED ACCOUNTING PROCEDURES BE USED, AS JAMAICA (RATTRAY) HAD SUGGESTED LAST SPRING IN GENEVA, HAD LITTLE EFFECT ON THESE THREE DELEGATES, WHO WERE NOT ABLE TO SUPPORT THEIR PROPOSALS WITH COGENT ARGUMENT. THEIR INTERVENTIONS, FOR EXAMPLE, DID NOT RECOGNIZE THE FACT THAT PROFIT-SHARING ARRANGEMENTS AND, THEREFORE, THE ACCOUNTING PROCEDURES NOT ONLY EXIST BETWEEN DEVELOPED AND DEVELOPING COUNTRIES BUT ALSO ARE BECOMING THE TREND IN FINANCIAL ARRANGEMENTS.

3. AFTER THE MEETING A US DELEGATE COMPLAINED TO KOH THAT THE ABOVE MENTIONED RADICALS WERE BY IMPLICATION REJECTING THE NEGOTIATIONS IN GENEVA LAST SPRING, I.E., THE MIXED SYSTEM OF PRODUCTION CHARGE AND PROFIT-SHARING, BY SAYING THAT IT WAS IMPOSSIBLE TO SET UP ACCOUNTING PROCEDURES FOR IT. KOH SAID THAT HE DID NOT THINK THAT THIS WAS THE CASE; BUT THOMPSON-FLORES (BRAZIL), WHO WAS ALSO TALKING TO KOH AT THE TIME, SAID, "THE US NEGOTIATED THE NJENGA TEXTS IN GENEVA AND THREW THEM ON THE CARPET AND NOW WE WILL THROW THE NG-2 NEGOTIATIONS ON THE CARPET."

4. EVENSEN DID NOT, AS WAS EXPECTED, PRESENT HIS PROPOSAL BECAUSE HE WANTED TO OFFER IT AFTER LABOR DAY. HE DID, HOWEVER, SHOW SOME FIGURES TO SELECTED DELEGATIONS, INCLUDING THE US AND THE USSR. THE USSR WAS UPSET THAT EVENSEN'S FIGURES SHOWED MORE OF A CONTRIBUTION FROM THE ROYALTY-PROFIT SHARING SYSTEM THAN FROM THE ROYALTY-ONLY SYSTEM. THE SOVIETS INDICATED TO THE US THAT THIS FACT MIGHT CAUSE THEM TO RAISE THEIR ROYALTY-ONLY OFFER FROM 7 1/2 PERCENT TO 12 1/2 PERCENT. THE US REPLIED THAT SUCH ACTION WOULD BE BOTH UNNECESSARY AND DISRUPTIVE. FURTHER CONSULTATIONS BETWEEN THE TWO DELEGATIONS ON THIS ISSUE WILL OCCUR ON SEPTEMBER 5.

5. AN INFORMAL MEETING OF COMMITTEE II CONTINUED ITS CONFIDENTIAL

CONFIDENTIAL

PAGE 04 USUN N 03466 01 OF 02 061746Z

ARTICLE-BY-ARTICLE CONSIDERATION OF THE ICNT. PERU

CONFIDENTIAL

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PAGE 01 USUN N 03466 02 OF 02 061902Z
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EUR-12 NEA-10 ACDA-12 AGRE-00 AID-05 CEA-01
CEQ-01 CG-00 CIAE-00 COME-00 DODE-00 DOTE-00
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C O N F I D E N T I A L SECTION 02 OF 02 USUN NEW YORK 03466

SUGGESTED REORDERING THE ARTICLES OF THE HIGH SEAS CHAPTER, BUT IT WAS RECOGNIZED BY SEVERAL DELEGATIONS THAT THE PERUVIAN RESTRUCTURING HAD MAJOR SUBSTANTIVE ASPECTS TO IT. BULGARIA AND IRAQ SPECIFICALLY OPPOSED PERU, MAINTAINING THAT THE DELICATE BALANCE IN THE TEXT

WAS DISTURBED.

6. THE SOVIET UNION, IN A LOW KEY STATEMENT, SUGGESTED ELIMINATING ARTICLE 86 (REGARDING THE APPLICATION OF THE HIGH SEAS CHAPTER) BUT INDICATED THAT THEY WERE WILLING TO COMPROMISE IF DELETION WERE NOT POSSIBLE. THE SOVIETS WERE SUPPORTED BY BULGARIA, POLAND, GDR, HUNGARY, AND IRAQ. THEY WERE OPPOSED BY ECUADOR, MEXICO, PERU, PRC, ARGENTINA, COLOMBIA, BRAZIL, CHILE, NIGERIA, NEW ZEALAND, MAURITIUS, MADAGASCAR, SIERRE LEONE, SOMALIA, CAPE VERDE, URUGUAY, VENEZUELA, PAKISTAN, YUGOSLAVIA, GABON, MOROCCO, TANZANIA, EL SALVADOR, COSTA RICA, LIBYA, SENEGAL, AUSTRALIA, AND SPAIN. MEXICO AND PERU ALSO OBJECTED TO ANY CHANGES TO ARTICLE 55.

7. PERU PROPOSED AN AMENDMENT TO ARTICLE 88 BY ADDING
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CONFIDENTIAL

PAGE 02 USUN N 03466 02 OF 02 061902Z

A SPECIFIC REFERENCE TO THE ECONOMIC ZONE, AND WAS SUPPORTED BY SOMALIA AND OPPOSED BY THE USSR AND IRAQ. PERUVIAN CHANGES TO ARTICLES 90, 92, 95, 96 AND 100 ALSO ADDRESSED THE QUESTION OF REORDERING, AND SOME INCLUDED REFERENCE TO THE ECONOMIC ZONE. THE THRUST OF THESE PROPOSALS BY PERU WAS TO MAKE CLEAR THAT CERTAIN HIGH SEAS ARTICLES APPLY TO THE ECONOMIC ZONE AND OTHERS DO NOT. THIS WOULD TEND TO UP-END THE BALANCE OF ARTICLE 58. IT SEEMS UNLIKELY THAT ANY OF THESE PERUVIAN AMENDMENTS CAN GAIN THE NECESSARY SUPPORT TO BE INCLUDED IN ANY REVISION OF THE TEXT.

8. THE SOVIET UNION OFFERED AN AMENDMENT TO ARTICLE 98 WHICH WOULD ADD A NEW PARAGRAPH: "THE SUNKEN SHIPS AND AIRCRAFT BEYOND THE LIMITS OF THE TERRITORIAL SEA AS WELL AS THEIR EQUIPMENT AND CARGO ON BOARD MAY BE SALVAGED ONLY BY THE FLAG STATE OR WITH THE FLAG STATE'S CONSENT." BULGARIA SUPPORTED THE USSR, AND CHILE INDICATED IT COULD ACCEPT THE PROPOSAL IF THE REFERENCE TO THE TERRITORIAL SEA WERE DELETED. THE AMENDMENT WAS OPPOSED OR QUESTIONED BY MOROCCO, SENEGAL, URUGUAY, ECUADOR, THE FRG, NEW ZEALAND AND SPAIN.

9. COMMITTEE III RECEIVED WORKING PAPER MP/27 WHICH CONTAINS THE RESULTS OF NEGOTIATIONS OF THE AMENDMENTS TO THE POLLUTION ARTICLES. (FULL TEXT SENT SEPTTEL.) THE PAPER WAS RECEIVED WITHOUT COMMENT AND WILL BE CONSIDERED ON SEPTEMBER 6. THE ARTICLES IN MP/27 HAVE BEEN INFORMALLY CHARACTERIZED AS A "PACKAGE" ON WHICH CONSENSUS WAS REACHED AND WHICH, THEREFORE, CAN BE ADVANCED TO CATEGORY I. THE US SUPPORTS MP/27 AND, WITH THE UK AND USSR, WILL BE MEETING WITH G-77 DELEGATIONS TO HEAD OFF, IF POSSIBLE,

EXPECTED OPPOSITION.

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PAGE 03 USUN N 03466 02 OF 02 061902Z

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